

The Art — and Politics — of Doing Business in East Africa

In developing countries, micro- and small businesses are key engines of growth for local economies and vital sources of employment. Success for these enterprises depends on developing a support network with micro-loan companies and nonprofits, government agencies and distribution outlets.

Five Clarkson students learned firsthand how these businesses grow during a two-and-a-half week trip to Uganda in May. The trip was the final chapter in a Global Business Experience course taught by Professor of Consumer & Organizational Studies Augustine Lado, who also led the overseas excursion. Lado, who is Sudanese-American, grew up in Uganda.

"Microbusinesses are usually defined as employing seven people or less," says Lado. "In Uganda, many of these businesses are operated by just one or two people. Our interests lie in understanding the ecology of business there — how entrepreneurs navigate the challenges of doing business at the grassroots level, from securing start-up funds through loans and complying with local government regulations and policies."

Lado and the students spent time at three companies: Numa Feeds, a company that processes animal feed and human foodstuff such as sorghum and millet; Mukono Vanilla Spices & Horticulture, which cures, processes and packages vanilla beans; and Gumutindo Co-operative Coffee Enterprise, which works with local coffee farmers and international nonprofits to distribute its Fair Trade organic coffees to coops across the United States and Europe.

Numa Feeds, which is located in a small rural area in southwestern Uganda, some 300 kilometers from Kampala, the capital city, buys its grain from local farmers' cooperatives and then processes, packages and sells the grains in and outside the community. Small businesses like Numa Feeds rely on low-interest loans from nonprofit agencies. In this case, the

An encounter with local vanilla bean farmers enhances a visit to the Mukono Vanilla Spices & Horticulture company.



(l-r) Prof. Lado with students Cristina Trevarrow '12, Scott Robinson TCS '09, Mariela Gomez '11, Kimberly Loucks '10 and Brittanie Carroll '10.

company received a micro loan from U.S.-based African Development Foundation (ADF). These nonprofit funding sources are important as commercial banks in Uganda often charge exorbitant interest rates: as much as 48 percent for first-time business owners. Moreover, by working directly with the local farming cooperatives, the profits generated by Numa Feeds and similar microbusinesses are retained within the community.

For Brittanie Carroll '10, understanding the political economy of microbusiness was a revelation. "I learned the most about the entrepreneurs in Uganda during our visit to Numa Feeds," she says. "This business really demonstrated how micro-finance can be used to enhance business and the quality of life in Africa."

It was through Lado's professional relationship with ADF that the Clarkson group was able to visit the companies and meet with the owners and workers. The group visited a commercial bank to learn about loan processing, and also met with officials from the Uganda Investment Authority (UIA). The UIA acts as a liaison between government regulatory agencies and private businesses.

At the Mukono Vanilla Spices & Horticulture, the students even went into the fields with the farmers to see just how much physical labor goes into growing and harvesting vanilla beans.

"It is important that people see all the work that goes into the things we buy and take for granted," says Lado.

The trip also provided a window into the culture of doing business in Africa. "It was interesting how the vanilla spice company ran, for example," says Scott Robinson, a student in The Clarkson School. "It was different than how it might be run here. Although they work very hard, the entrepreneurs and the whole culture of business seems much more laid back, less frantic."

Although based in Kampala, the group traveled throughout Uganda in a rented car. Their excursions included a boat ride down the Nile and a two-day trip to a Game Reserve in Kenya. ♦